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April 29, 2016

Filed Via Delafile

Donna Nickerson
Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

Re: Docket No. 15-1693 – Delmarva Power & Light Company's Response
to the Proposals of the Retail Energy Supply Association Regarding
Customer Choice Options

Dear Ms. Nickerson:

Pursuant to the Amended Procedural Schedule in the above referenced docket, enclosed please find Delmarva Power & Light Company's Response to the Proposals of the Retail Energy Supply Association concerning Customer Choice Options as outlined in PSC Order No. 8845.

Should you have any questions, please contact me at 302-421-3143.

Respectfully submitted,



Pamela J. Scott

Enclosure

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE REVIEW OF)
CUSTOMER CHOICE IN THE STATE) PSC DOCKET NO. 15-1693
OF DELAWARE)
(FILED DECEMBER 23, 2015))

Delmarva Power & Light Company's
Response to Proposals Submitted in this Docket by the Retail Energy Supply Association
(RESA)

Dated: April 29, 2016

A. Preliminary Comments

In the introduction to its comments filed in this docket dated March 30, 2016, RESA states that it proposes the implementation of three business day accelerated switching which it intends to also propose in Regulation Docket 49 as part of the Third Party Supplier Rules. In the version of these rules that were supplied by PSC Staff on March 22, 2016, Delmarva notes that there are some inconsistencies resulting from proposed changes to the Rules that would need to be addressed. Specifically, changes made to Sections 2.1.1.9.7 and 10.2.1 now result in a conflict between these provisions. We understand that RESA and the Division of the Public Advocate met recently and discussed these rules and potential changes thereto. Delmarva has not had the opportunity to review any further changes to the Rules but obviously would like to see what further changes may be proposed and have the opportunity to offer further comments.

Also in the introduction to its proposal, RESA sets forth a timeline for the implementation of various changes to accommodate programs that benefit customer choice. For the most part, the dates proposed by RESA for the implementation of these programs are unreasonable and cannot be achieved, due to the extensive programming and testing that would be required if the proposed changes are ultimately approved by the Commission..

B. Purchase of Receivables (POR) Program

Delmarva Power has repeatedly stated that it supports the implementation of a POR Program in Delaware. And, in that regard, with a few exceptions Delmarva would be happy to implement a POR Program in Delaware that is similar to that currently in place in Maryland.

One major exception to the Maryland POR Program, which Delmarva addressed in its filed comments, is that late payment revenues should not be included in the Discount Rate as an offset. Under a POR Program, third party suppliers will never be paid late because Delmarva Power will pay the third party suppliers directly. It is Delmarva Power, not the third party suppliers, who would have the entire burden of dealing with the issue of choice customers not paying their supply charges on time. Accordingly, it is Delmarva Power – not any choice supplier – who would incur the costs associated with those late payments. Allowing late payment fees by choice customers to be credited to the choice suppliers who are not incurring any late payments or collection costs would constitute an unjustified windfall for suppliers.

Currently, late payment revenues are credited against the distribution revenue requirement. Removing late payment revenue from the distribution revenue requirement will, in effect, cause an increase to the revenue requirement in a future base rate case. Suppliers are not paid late and incur zero risk since Delmarva would pay the suppliers five (5) days after the bill's due date. Therefore, any late fees earned on those receivables should belong with the utility holding the receivable.

Further, as part of a POR Program, Delmarva will only purchase the commodity charge, not any non-commodity services. As part of the transition to POR, if, after conversion, Delmarva cancels a

customer's usage for a given billing period, the Company would also cancel the corresponding supplier charges but any delinquent balances would be returned to the third party suppliers for collection.

The calculation of the POR Discount Rate would need to be consistent with what Delmarva outlined in its filed comments on March 30, 2016.

RESA's statement that, following the implementation of Delmarva's new billing system, there will be no implementation costs for POR in Delaware is incorrect. There will be programming, testing and other operational and maintenance costs associated with implementing and maintaining a POR Program in Delaware.

In terms of implementing a POR Program, Delmarva will need at least a year to perform the extensive programming and testing necessary to put the Program in place. Just because various POR Programs are in place for other affiliate companies does not mean there would not be significant work required to implement a POR program in Delaware. The Company has approximately 430,000 customers in Delaware, between gas and electric customers. Each of those customers is billed under different rates, different regulations, different laws, etc. than Pepco Holdings' customers in other jurisdictions.

C. Additional Space for Third Party Suppliers on Utility Bills

As indicated in its filed comments, with the implementation of Delmarva's new billing system, third party suppliers are now provided with 25 line items for charges to their supply customers and an additional 320 characters for messages. Third Party suppliers (and RESA) have been repeatedly informed of this space, but they have neglected to use it. Accordingly, RESA's continued assertion that additional space is needed appears entirely unfounded.

D. Instant Connects

As indicated in its filed comments, Delmarva Power is opposed to any change to this practice. And, unlike other proposals suggested by RESA, this practice has not been implemented in any of the jurisdictions in which Delmarva's affiliate companies operate. The Company's current structure within the Solution One Customer Billing System requires an active Contract Account to be present in order to process an enrollment with a Third Party Supplier.

E. Seamless Moves

As indicated in its filed comments, Delmarva Power is opposed to any change to this practice. Again, this practice has not been implemented in any of the jurisdictions in which Delmarva's affiliate companies operate.

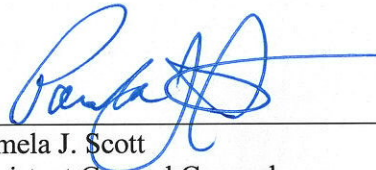
F. Enroll with Your Wallet Capability

As stated in its filed comments, the account number is the critical identifier of a customer account within Delmarva's Customer Billing System. Without that specific information, Delmarva Power would not be able to correctly determine which account to activate for a Third Party Supplier. Delmarva does not maintain social security information for customers so it does not have the ability to use that information as a unique identifier to confirm the identity of the customer. This practice is also not required or in place in any of the other jurisdictions in which Delmarva's affiliate companies operate.

G. Market Reflective SOS Procurements

Delmarva has repeatedly expressed its concern that the SOS program (and the vast majority of customers who receive SOS) should not be placed at risk for the purpose of making it easier for choice suppliers to increase their sales in Delaware. Delmarva Power is confident that Staff, DPA and the Commission will continue to protect the SOS program and SOS customers. As Delmarva stated in its filed comments, currently there is an open docket before the Commission, Docket No. 14-0283. That docket was specifically opened to review the SOS procurement process. PSC Staff has already retained a consultant who has performed work on their behalf and who is expected to issue a report of its findings over the next few months. At this point, the resolution of the SOS procurement process would be best left in Docket No. 14-0283, rather than addressing the issues again in another docket.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

I hereby certify that on April 29, 2016, I caused the attached DELMARVA POWER & LIGHT COMPANY'S RESPONSE TO PROPOSALS SUBMITTED BY RESA to be served on the following persons by electronic mail and to be filed with the Delaware Public Service Commission using its Delafile electronic filing system.

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